

KEYSPAN ENERGY DELIVERY NEW ENGLAND
D.T.E. 05-68

SECOND SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO
KEYSPAN ENERGY DELIVERY NEW ENGLAND

DTE 2-17

Date: February 14, 2006

Respondent: Leo Silvestrini

- Q. Refer to page 28 of the Company's filing. Please explain the following sentence: "The model assumes that annual energy demand for existing commercial/industrial establishments is price-elastic."
- A. The Company's analysis shows that the price elasticity of energy demand for existing commercial/industrial establishments is -0.15, which is relatively *inelastic* in economic terms (i.e. less than 1.00). However, the Company considers commercial/industrial energy demand to be elastic in practical terms because the Company experiences changes in demand as a result of short-term conservation measures that customers undertake year-to-year when prices rise.